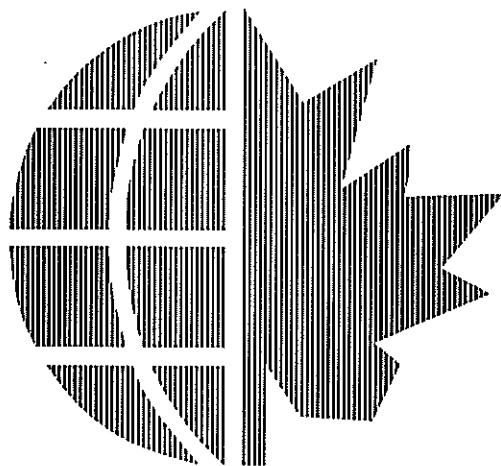

NATIONAL AND GLOBAL
PERSPECTIVES
NATIONALES ET MONDIALES



Canadian Business Leaders Speak
Les chefs d'entreprise du Canada s'expriment

Autumn • automne
1994

BUSINESS COUNCIL ON NATIONAL ISSUES
CONSEIL CANADIEN DES CHEFS D'ENTREPRISE



Perspectives is a quarterly publication of the Business Council on National Issues (BCNI) featuring the statements and opinions of individual Council members.

This issue also highlights the important themes in the Council's recent **Ten Point Growth and Employment Strategy for Canada** ("Project Renaissance").

During the period from June to early October, 1994, members of the BCNI spoke out on many of the challenges and opportunities facing Canada today, including national unity, fiscal reform, social renewal and international competitiveness.

We are pleased to share these thoughts with you.

Perspectives est une publication trimestrielle du Conseil canadien des chefs d'entreprise (CCCE) qui présente les déclarations et les opinions individuelles des membres du Conseil.

Ce numéro de *Perspectives* reprend les principaux thèmes abordés récemment par le Conseil dans **Une stratégie en dix points pour la croissance et l'emploi au Canada** («Projet renaissance»).

Entre les mois de juin et octobre 1994, les membres du CCCE se sont prononcés sur plusieurs des défis et des occasions auxquels fait face le Canada aujourd'hui, tels que l'unité nationale, les finances publiques, la réforme des programmes sociaux et la compétitivité internationale.

Il nous fait plaisir de partager ces idées avec vous.

ALISON SINCLAIR
EDITOR/ÉDITRICE



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**BUSINESS COUNCIL ON NATIONAL
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The two daggers aimed at the heart of Canada -- soaring public debt and the threat of separatism and balkanization -- will find their mark unless bold measures are taken quickly to restore order to the country's public finances and to rekindle confidence in federal institutions. To achieve these two goals will take courage and leadership on the part of those in government. We believe that business people can and should contribute with our ideas and public support.

PROJECT RENAISSANCE

Action This Day September 15, 1994

Canada has only one choice, only one decision to make ... Austerity is not pleasant; but self-imposed austerity to avoid disaster is infinitely preferable to externally-imposed austerity following disaster. [...]

Successful individuals, successful organizations and successful nations control their destinies by taking action before it becomes unavoidable. They are distinguished by their ability to discipline themselves, to recognize and act on hard reality.

Now is the time for action.

A.L. FLOOD
CIBC

ALLAN R. TAYLOR
ROYAL BANK OF CANADA

A Framework for Change

August 19, 1994

We must sustain and strengthen our global as well as national perspectives. To this end, we must develop new networks, alliances and strategies to ensure a competitive position in increasingly integrated markets. [...]

We must do a whole lot more to develop a national learning culture, and institutions to support it, to keep capital, technology and skilled people in Canada, and to lure new investments of financial and human capital to underwrite our future.

We must accelerate the process of wrestling down public debt and deficits, and controlling inflation and interest rates, in order to make our economy more competitive.

To avoid becoming victims to the rule that those who ignore history's lessons are bound to repeat history's mistakes, we must continue to make fundamental changes and improvements in how we learn and work. This will enhance our human resources, just as we developed our natural resources to get to where we are.

And as leaders of today and tomorrow, we must inspire Canadians with the confidence to compete. We must encourage them to believe that economic change brings real opportunity together with risks that are real, but manageable, for companies as well as nations.



... all too rarely is credit given to the comparative advantage offered to us by the very nature of the federation itself.

PROJECT RENAISSANCE

Corporate Citizenship

October 3, 1994

The current political situation in Quebec and Canada is in need of much energy and attention by corporate citizens everywhere.

I recognize that this proposition is not universally accepted and that when corporations speak out on so-called "political" issues, they are sometimes criticized for "interfering in matters of state." Baloney!

Given the fork in the road we face in the promised Quebec referendum, as a voter I want to know which path is likely to lead to greater prosperity, and what the trade-offs are for each route. It's the obligation of businesses to convey any and all well-reasoned economic views to the public.

Imasco has always favoured a united Canada. We have never been afraid to say so, and we are as firm on this as ever. There will be a great deal of debate, countless frayed nerves, and the occasional temper lost, but when the referendum dust has settled, I believe that Quebec will still be part of Canada and that we will then be able to resume our pattern of development and shared prosperity.

PURDY CRAWFORD
IMASCO LIMITED

◆

Vision globale et compétitivité locale : deux réalités réconciliables?

Côté marchés, la concurrence mondiale d'aujourd'hui exige des révisions en profondeur de la façon dont les entreprises exercent leur métier. Les entreprises doivent être plus performantes, plus souples, plus attentives aux besoins spécifiques de chacun de leurs segments de marché. [...]

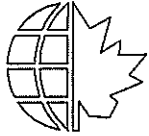
Côté ressources, les entreprises qui veulent être performantes doivent réunir les meilleures ressources qui soient sur leurs marchés -- ce qui implique qu'une entreprise qui veut agir de façon globale doit recruter de façon globale : si je veux que mon entreprise soit la meilleure en Amérique, j'ai de bien meilleures chances d'y arriver si je recrute mon équipe de direction à l'échelle nord-américaine; si mon objectif est mondial, ma stratégie et mon recrutement seront mondiaux. [...]

Donc, autant par nécessité d'être performantes que sous la pression politique, les multinationales cessent petit à petit d'être des entreprises qui exercent des activités à l'étranger, pour devenir de véritables citoyens transnationaux -- des entreprises qui sont, et dans le sens noble du terme, chez elles partout.

... non seulement vision globale et compétitivité locale sont réconciliables, mais elles sont en fait les deux facettes complémentaires de nos nouvelles réalités.

GUY SAINT-PIERRE
GROUPE SNC - LAVALIN INC.

◆



Privatization: A Canadian Perspective

September 9, 1994

A key problem we face is the broadly-shared Canadian belief that public ownership is a highly appropriate instrument of public policy. Many Canadians see government agencies as an effective means of achieving specific objectives in particular circumstances. At an earlier stage in our history, Crown corporations were an important vehicle for 'nation-building'. But today, our economy has matured to the point where the level of public involvement in the private sector is overbearing and inappropriate. [...]

I believe the tide is turning in favour of steadily increasing privatization. Governments are now face-to-face with incredibly difficult choices ... We can no longer find the resources to meet all our priorities. The policy choices are crystallizing before our eyes. [...]

The privatization debate is part of a larger issue as to how we will remodel ourselves as a nation. We are faced with nothing less than the challenge of redefining our most fundamental social, political and economic institutions.

J. EDWARD NEWALL
NOVA CORPORATION

No advantage can be more important to Canada than a well-educated, skilled, innovative, and motivated people.

PROJECT RENAISSANCE

Faced with severe fiscal problems, the federal government and some of its provincial counterparts will be tempted to raise taxes even higher. This would be folly -- it would deter investment and kill jobs. It simply is not a wise option.

PROJECT RENAISSANCE

Canada Moves into the Fast Lane on the Infobahn

September 22, 1994

Analysts say that to be successful, telecommunications companies need certain factors to be in play. First, we must be efficient; we must cut our costs. Second, we must be able to compete effectively. [...]

We also need two other factors -- factors we can't control. They are flexibility of regulation and the opportunity to enter new markets ... like video-on-demand, home banking and home shopping. [The recent CRTC] decision, in giving us these two factors, has given us the ability to bring choice to our customers much faster.

[...] I believe there is a vital role for governments to play in all this. Governments ... can be leading-edge consumers of advanced technology. Perhaps most important of all, governments can create a positive environment so that private industry will invest ... to develop applications that will run on the highway. Because there's no sense in having a paved highway without vehicles to run on it.

BRIAN A. CANFIELD
BC TELECOM INC.



Today's Management Mix

September 12, 1994

The husbanding of our resources, the environmentally correct operation of our manufacturing process, the design and liability for our products -- they are all part of today's management mix.

Another vital human concern, not yet as far advanced in public debate, is that of the social implications of the emergence of ... new technology. Technology is being successfully harnessed to produce more with fewer people. ... Evidently, new businesses are being created, often based on new technologies; this is a partial solution to unemployment caused by increased productivity, though it poses massive problems of movement and training of people. But we are facing a serious structural unemployment problem. ... It may well have the kind of direct impact on our people, policies and priorities that the environmental revolution has had on our operating practices over the past few years.

JACQUES BOUGIE
ALCAN ALUMINIUM LIMITED

Le pays a un besoin urgent d'une vision pour le XXI^e siècle et, dès maintenant, de politiques inspirées par cette vision qui donnent un second souffle à la fédération en y assurant la prospérité et des emplois bien rémunérés.

PROJET RENAISSANCE

Energy, Wealth, and Sustainability

September 16, 1994

It is clear that our current dependence on hydrocarbons will not last indefinitely. It is a passing phase. Nor will we move from hydrocarbon dependence because we will run out of primary supplies. What they have provided and continue to provide us is the very basis of wealth generation that in turn creates the capital required to build a different future.

If history is any guide ... changes will come about with the development and wide application and deployment of alternative technologies that more effectively respond to societal values while meeting its needs. Change will be achieved in messy processes aided and abetted by scientists, engineers, economists, industrialists, doctrinaire advocates, policy makers, regulators and citizens.

Today the seeds of profound change are everywhere. Societal values have changed fundamentally and the cacophony of advocacy is deafening. The challenge for us in the midst of the turmoil is to identify, sow, water, fertilize and tend with patience those seeds that have potential. [...]

What ... we need, is leadership that sees through the distorting myths and doctrine of our time and with energy, knowledge, insight, persuasion, patience and vision builds a better future.

ANGUS A. BRUNEAU
FORTIS INC.



First the [federal] government must honour its commitment to reduce the deficit to 3 percent of GDP by 1996-1997. Secondly, it should put into effect a credible plan in the forthcoming budget to eliminate the structural deficit ... by no later than 1998-1999.

PROJECT RENAISSANCE

Facing Up to Our Responsibilities

September 20, 1994

My generation's mismanagement of the economy has created a burden for generations to come. Most of this legacy has been built by over-consumption of federal and provincial government services in the 1980s and 1990s. [...]

Canada needs strong leadership to stop this disastrous build-up. In a country that the United Nations has singled out as the best place to live on the planet, we should have -- no, we deserve -- leaders who can express a national vision capturing our strong, distinctive and nationally shared values and aspirations. [...]

Our country is one of the outstanding success stories of the 20th century. With the right leadership, it is within our reach to replicate that magnificent success in the 21st century. This success, however, can only be achieved if every Canadian, every person who is in a position to contribute to the building of our nation, accepts that their responsibility is to first serve Canada.

J. EDWARD NEWALL
NOVA CORPORATION

Managing Change -- The Key to Survival in a New Economic Age

July 21, 1994

When the economic history of these times comes to be written, words like "traumatic", "devastating" and "soul-destroying" will, no doubt, feature prominently. Why? Because few of us in the work-a-day world of the early nineteen nineties have had any previous experience of a conventional cyclical recession and a massive restructuring of the global economy functioning simultaneously side by side.

This is also an era of what I would call "creative destruction" in which long-established philosophical concepts, conventional wisdom and work practices are being pushed aside and replaced with fresh approaches more relevant to a new economic age. Indeed, I would say that perhaps the greatest single challenge currently facing society is the ability to anticipate, to adapt to and, above all, to manage change.

FREDERICK H. TELMER
STELCO INC.

Le libre-échange intérieur, des administrations publiques plus petites mais plus efficaces, et une «nouvelle donne» fédérale-provinciale donneront un souffle nouveau à l'union économique canadienne à l'aube du XXI^e siècle.

PROJET RENAISSANCE



Learning to Change

July 26, 1994

Canadians have a lot to learn. We have to learn that while leaders may lead us to an understanding of the need for change, it takes the collective will of individuals to affect that change. We have to learn that we can reduce government spending while still maintaining a fair social policy. And we have to learn that our greatest natural resource is our endless supply of talented people -- individual Canadians who together can create a powerful national will not only to accept the need for change but also to believe in the future of Canada.

[...] It is a great tragedy that so many countries in the world do not have our promise of the future and do not have the opportunities that we have to achieve greatness.

It is, I believe, a far greater tragedy to squander opportunity than never to have had it.

GORDON R. CUNNINGHAM
LONDON INSURANCE GROUP INC.

A dynamic and innovative private sector is the central prerequisite to prosperity and jobs. The record of Canadian private sector achievement over many years speaks for itself -- we are one of the wealthiest countries in the world and hard-working men and women have built a just and generous society.

PROJECT RENAISSANCE

L'instauration d'un climat favorisant une création d'emplois vigoureuse et soutenue doit figurer au premier rang des priorités des pouvoirs publics et du secteur privé.

PROJET RENAISSANCE

Ready, Fire, Aim

September 18, 1994

Governments are not listening, your leaders everywhere, whether they be business, labour or social, are not listening. Their ego is inflated either by the UN's recent discovery that Canada is the best place to live or by their intolerance towards the real differences of the 5 regions of Canada. They and the UN cannot count, they cannot even begin to imagine what \$750 billions worth of debt means, they too have become addicted to the lifestyle that credit buys. [...]

I challenge the 250 or so cabinet ministers in this country, both provincial and federal, to think "entrepreneurially". To put themselves in the shoes of those risk takers who have the task to create the wealth and the jobs necessary to pay down our \$750 billion debt. I also challenge them to think morally and put themselves in the shoes of Canadians who cannot live in those parts of Canada blessed by a prosperous and trouble-free economy.

PHILIP M. O'BRIEN
DEVENCORE LTD.



Break the Paradigm!

June 7, 1994

One thing is certain: We must be prepared to confront controversial issues whose answers aren't at all clear. [...] We must rethink the goals and means of social policy in our society.

We need to examine a historic Canadian notion that what applies in one part of the country must apply in all. In the future, uniformity in social programs must give way to flexibility, with provinces and local communities taking the lead. In our complex society, there are not likely to be national answers to these questions.

The best answers will likely come from local communities ... We must encourage local experimentation and innovation. And instead of programs that encourage people to stay where they are, we may seek to encourage them to go where they can find work.

MARSHALL A. COHEN
THE MOLSON COMPANIES LIMITED

Social policy reforms should have as cornerstones need, affordability, equity and efficiency. With these in mind, assistance should be targeted to those most in need. Those who cannot work should be provided with the means to live in dignity. Families who do not need public support because of their incomes should not get it. Positive results will flow from ... restructuring and better targeting.

PROJECT RENAISSANCE

The international economic strategy that offers the best growth and job prospects is one that focuses on multilateral trade liberalization, improvements in the NAFTA and aggressive global trade development and diversification.

PROJECT RENAISSANCE

Libre-échange n'égalé pas libre accès

le 31 mai 1994

La réalité c'est que le marché américain est huit fois plus grand que le marché canadien et que sans restriction du côté américain, le Canada pourrait exporter des quantités beaucoup plus imposantes. Le problème véritable est que les États-Unis veulent resserrer les contingents, ce qui pourrait nous faire perdre la moitié de nos exportations alors que, parallèlement, ils veulent disposer d'une porte ouverte sur le Canada! [...]

Le commerce est l'un des piliers de notre économie. Le commerce est l'un des piliers de notre niveau de vie. Heureusement, le gouvernement canadien négocie âprement avec les Américains la question sucrière et les autres questions agro-alimentaires en affirmant qu'aucun secteur ne saurait servir de monnaie d'échange. Nous appuyons cette position.

Nous ne devons pas reculer!

CLAUDIO F. BUSSANDRI
SUCRE LANTIC LIMITÉE



The First Duty

September 27, 1994

There is currently a popular doctrine that the central objective of a board of directors is to "maximize shareholder value". In general, I find this to be a questionable proposition particularly as it applies to financial institutions. A financial institution by definition is composed of financial resources. Typically, in a deposit-taking institution, 95 percent of those resources are supplied by depositors and 5 percent are supplied by proprietor-shareholders. It seems somewhat bizarre to aver that the directors' first duty is to the people putting up 5 percent of the money.

I would recommend that Canadian law be changed so that it is clearly stated that the first duty of the directors of a financial institution is to the depositors/policyholders and that their duty to shareholders is secondary.

JOHN D. MCNEIL

SUN LIFE ASSURANCE COMPANY OF CANADA

Le Canada bénéficie aujourd'hui d'un des plus faibles taux d'inflation au monde. Il s'agit d'un atout considérable, qui se traduit par de nombreux avantages pour les producteurs et pour les consommateurs. Le maintien d'une croissance non inflationniste doit demeurer l'un des fondements de la politique économique nationale.

PROJET RENAISSANCE

Directing the Directors Managing the Managers

August 23, 1994

While I fully support the concept that management must be held accountable and boards must be structured in a way which enables them to fulfil their fiduciary responsibilities, I do hope that this trend is not taken to excess and I would hope that some balance between encouraging management on the one hand versus controlling management on the other could be brought into the process.

When I read the 15 recommendations for "Guidelines for Improved Corporate Governance" in the [Toronto Stock Exchange] Committee's unfortunately titled "Where Were the Directors?" report, I find that virtually all of these recommendations have to do with controlling management and acting as a check on management. There is very little focus on how a board should go about encouraging management and pushing management. It is all very well to argue that if you have a management that needs pushing, you have got the wrong management. The fact is documents such as this report do have an influence upon the way corporations and their managements and more particularly their boards behave and it is imperative that in the process of ensuring adequate corporate governance we do not stifle entrepreneurial spirit and eyes-open risk taking.

RONALD W. OSBORNE
MACLEAN HUNTER LIMITED



Mobilizing For World Trade

October 4, 1994

It has been said often enough, but I will say it again: we must *diversify* our markets. Having the United States as a neighbour is a great blessing. It is up to us to see that it never becomes a curse.

Today the United States takes over eighty percent of our exports. The biggest single exporter to the most coveted and competitive market in the world is obviously doing something right. But that is not enough. We have to do more.

True, I can't imagine the United States ever ceasing to be our most important market. But, I equally can't imagine how we can be a significant trading country much longer -- if we don't do much more to compete effectively in the countries that will soon represent over half of world demand.

The newly industrializing countries have the world's fastest growing economies. That is why North American exports to Latin America are expanding faster there than in any other part of the world. Canada's trade with Mexico, for example, grew by thirty-three percent in the first six months under NAFTA. I have just come back from meetings in Mexico, and I can tell you that the Mexicans are determined to keep growth at that level for a good long time.

The Asia-Pacific nations -- with forty percent of the world's population and twenty-five percent of world GDP -- are enjoying annual growth rates overall of between six and nine percent. In China, growth rates are running at about twelve

percent -- it would be higher, but they are trying to rein in the economy.

And here is the bonus for extra effort. By competing in these emerging markets, where the languages may be difficult and the phones don't always work, we will gain the skills and experience and perhaps most important, the entrepreneurial culture we need to compete *anywhere*. We will become a trading nation in mind, as well as in fact.

MATTHEW W. BARRETT
BANK OF MONTREAL

Canadian Foreign Policy Principles and Priorities

July 25, 1994

As we prepare for the 21st century, Canada is in need of a bold and dynamic foreign policy. Ten principles and priorities should guide us. We must ...

- speak with a stronger voice
- re-shape the content and delivery of foreign policy.
- retain a commitment to global security
- maintain a credible defence force
- recognize the primacy of economics
- vigorously support economic multilateralism
- aggressively pursue global trade opportunities
- manage international assistance wisely
- speak out on human rights, and
- be a leader in sustainable development

THOMAS P. d'AQUINO
BUSINESS COUNCIL ON NATIONAL ISSUES
